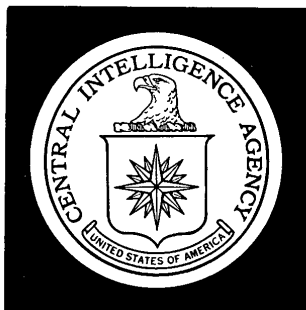




The President's Daily Brief

3 June 1970

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THE PRESIDENT'S DAILY BRIEF

3 June 1970

PRINCIPAL DEVELOPMENTS

	South Vietnam	(Page 1)

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Current developments in Cambodia are discussed on Page 3.

Room for peaceful maneuvering in the Middle East appears to be decreasing. Soviet propaganda has become more harsh and the Israelis are incensed over their highest monthly casualty rate since the end of the June war. (Page 5)

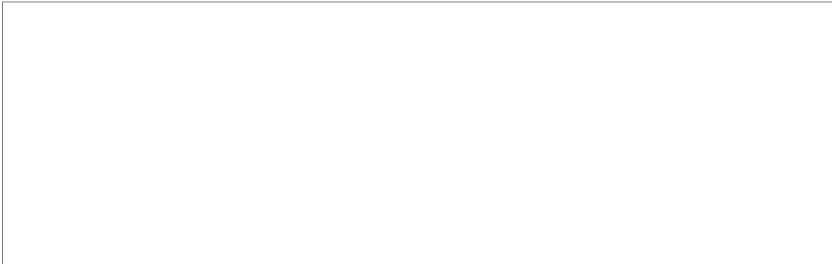
US oil firms are involved in two multilateral controversies over exploration concessions in the Persian Gulf area. (Page 6)

Italy's upcoming regional elections are discussed at Annex.

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SOUTH VIETNAM



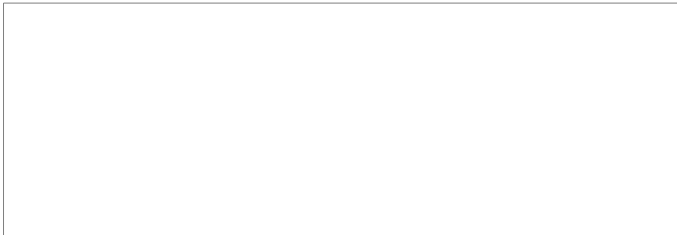
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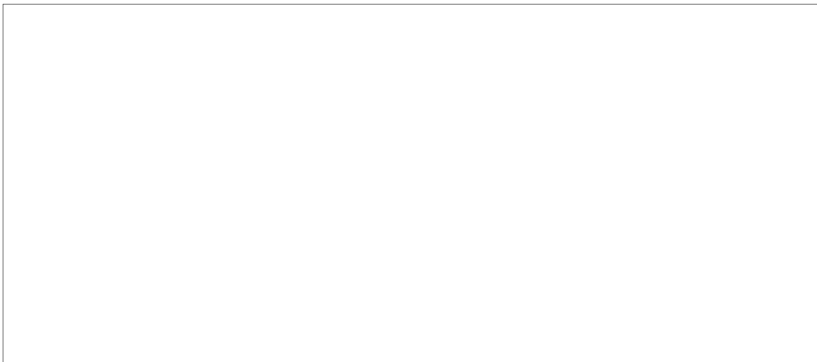


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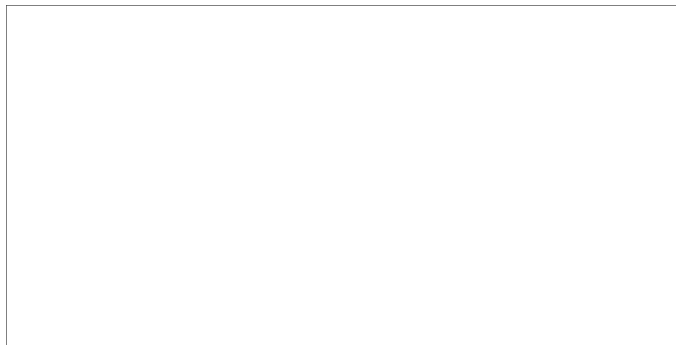
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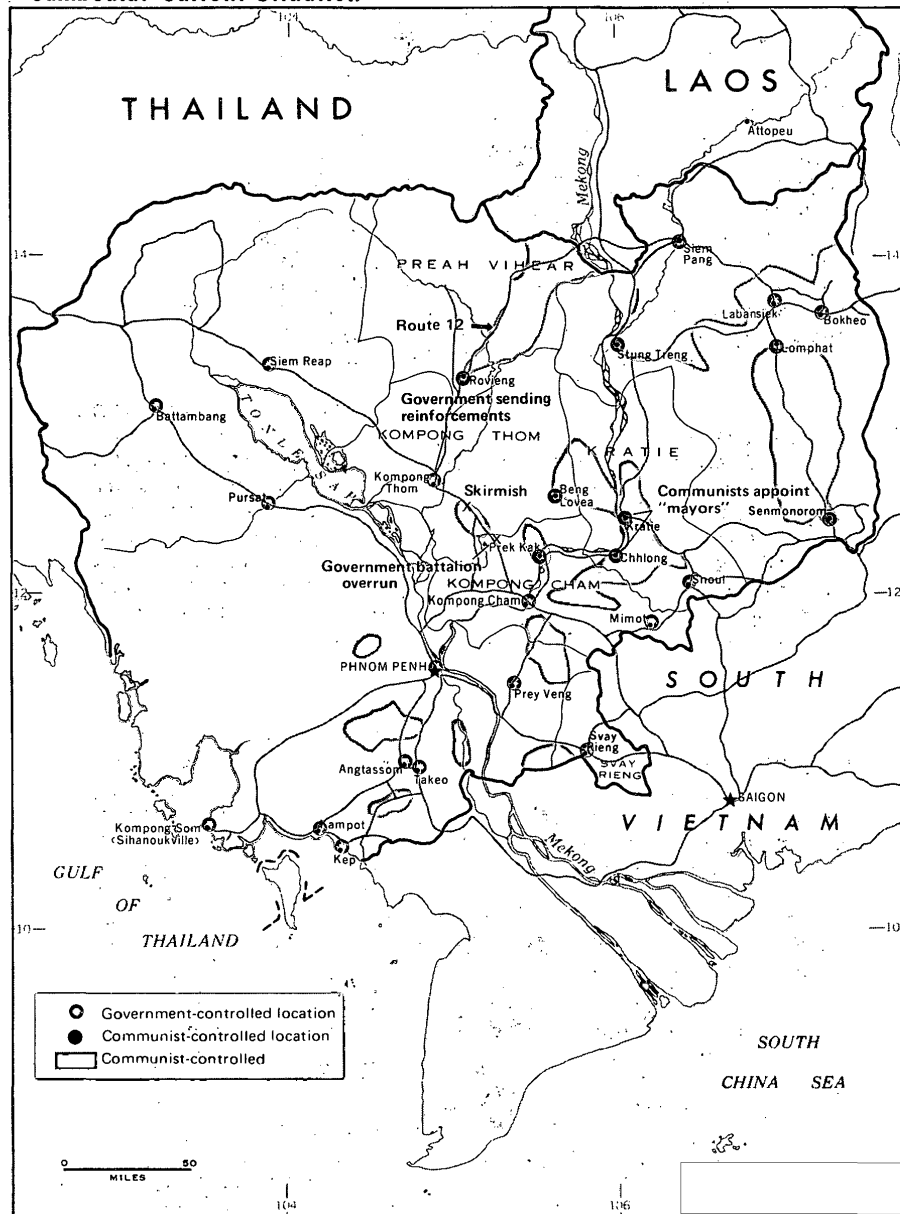
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Cambodia: Current Situation



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CAMBODIA

There are growing signs the Communists intend to develop an extensive infiltration and base area on the west bank of the Mekong. Cambodian military messages indicate the enemy is now largely in control of Route 12 from the Laos border as far south as Rovieng. Communist units are fanning out in the countryside and seem to be establishing a rudimentary administrative apparatus. Government battalions in Preah Vihear Province have broken down into smaller units and are planning to run guerrilla operations against the Communists.

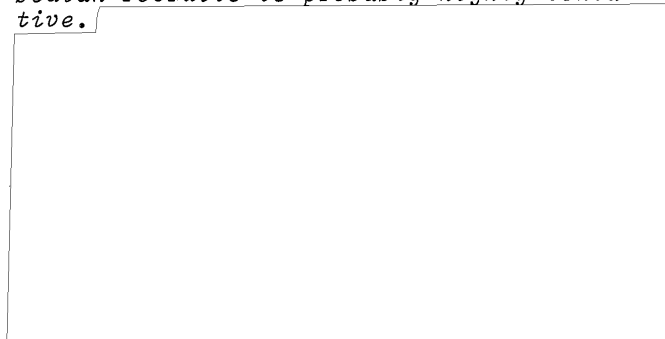
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Elsewhere in the country, the government is sending reinforcements into Kompong Thom city, and the area commander has asked for air attacks on road sections in the province held by the enemy. In Kompong Cham Province, a government position near the Communist-controlled Prek Kak rubber plantation was overrun on the night of 31 May - 1 June. The defending battalion was forced to withdraw. This reverse increases the threat to Kompong Cham city from the north.

* * *

The Communists appear to be having some success recruiting ethnic Cambodians to help administer newly won towns. A Cambodian deputy from Chhlong town, which fell to the Communists in late April, has told US officials that ethnic Cambodians as well as Vietnamese and other minorities were collaborating with the small occupying force of between 50 and 100 men. The Communists have gone so far as to name ethnic Cambodians as "mayors" of Chhlong and Kratie towns.

The commitment of most of these new Cambodian recruits is probably highly tentative.



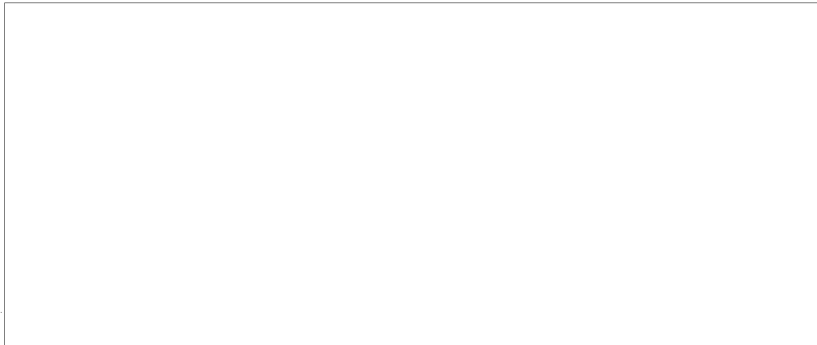
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USSR - MIDDLE EAST - ISRAEL

Soviet propaganda has recently taken an uncommonly tough stand on the Middle East.

--The Soviet press has caustically ridiculed Mrs. Meir's speech to the Knesset on 26 May, characterizing it as US-inspired propaganda calculated to offset the reaction to further arms deliveries.

--A Pravda commentary on 31 May advocated "forcing" Israel to respect the UN Charter. The same day, Pravda reverted to the toughest Kremlin interpretation of the Security Council resolution, calling for the "speediest" Israeli withdrawal from all occupied Arab lands. The article also said that a political settlement must be just and "naturally without any concessions to the aggressor."

--Other press commentaries have noted Egypt's intention to repulse any aggression from the air and have claimed that Israeli military superiority is "coming slowly but surely to an end." On 29 May, an official TASS statement warned that Tel Aviv's present policy is "fraught with dangerous consequences, for Israel itself above all."

Moscow's hard public line, together with its recent military and diplomatic steps, suggests that the Kremlin has adopted a policy of trying to squeeze concessions out of Israel by steadily increasing political, psychological, and military pressure on Tel Aviv.

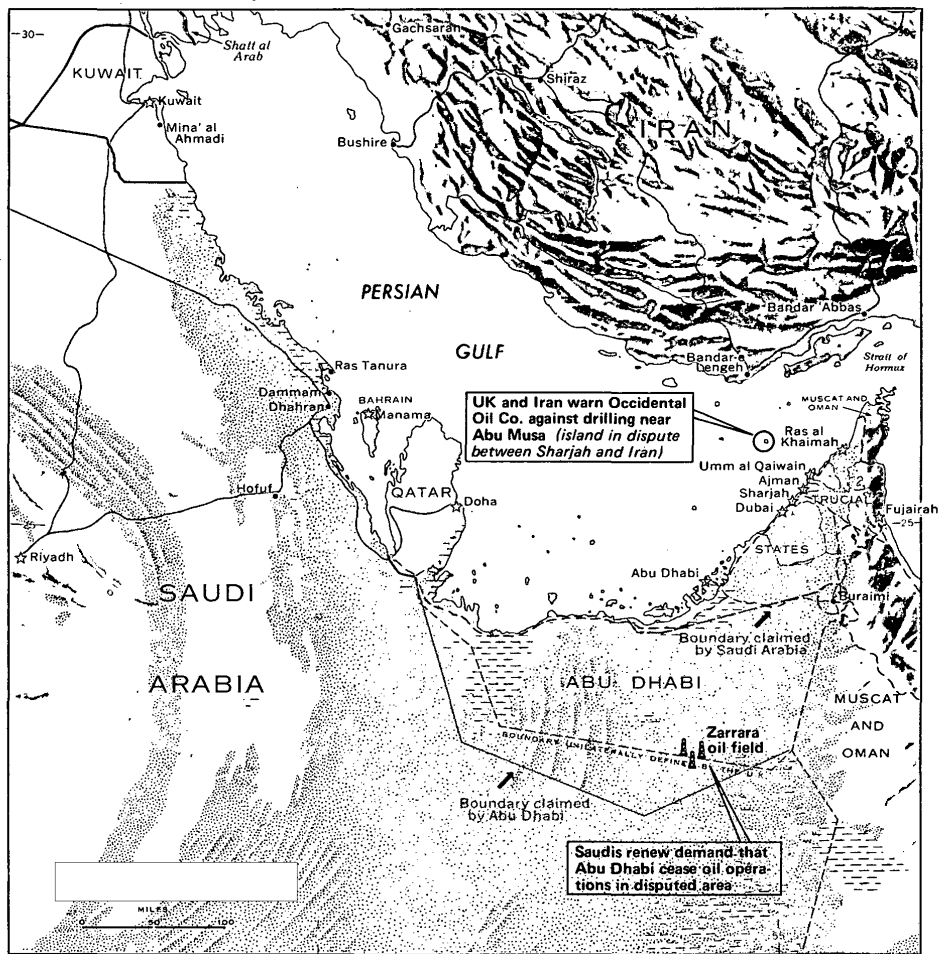
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Given Israel's present "siege mentality," such a course on Moscow's part could be a dangerous miscalculation.

Sixty-five Israelis were killed on the various fronts last month, including 19 civilians. This is the highest monthly total since the June war. About half of the losses were sustained on the Egyptian front. Israeli casualties since the June war now total about 690 dead and 2,425 wounded; in the war itself, the figures were 800 and 3,000.

The Israeli public tends to associate the increased casualties with Soviet support for Nasir. Should the losses continue at the May rate, the government would be under more pressure than ever to attempt some new and drastic military action, despite the risk of direct clashes with the Soviets in Egypt.

Oil Operations in Disputed Areas



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PERSIAN GULF

US-owned international oil firms are currently embroiled in two political controversies in the Persian Gulf. Occidental is threatened by both the UK and Iran, if it commences operations off Abu Musa Island in a location granted it by the British-protected sheikhdom of Umm al-Qaiwain. The neighboring sheikhdom of Sharjah, also a British charge, is acknowledged by Britain and the other sheikhdoms to own Abu Musa, and it has granted oil rights on the island itself to another US firm, Buttes Gas and Oil Company. Recently Sharjah extended the territorial waters of Abu Musa so that they now overlap the concession area of Occidental. The UK has proposed a three-month moratorium on oil operations so that the dispute may be worked out. Occidental representatives yesterday told the British the company would honor the moratorium.

There was a minor incident the day before, however, when Occidental barges in the disputed area near Abu Musa Island were boarded by a British minesweeper. Occidental responded by filing a high court writ in London claiming "damages" from the minesweeper commander and the UK Defense Ministry. The "damages" referred to probably are legal rather than physical.

Iran disregards the claims of the two sheikhdoms and views the island as Iranian. It threatens to take direct action against any oil operations not sanctioned by Tehran. The Iranians are apprehensive about the "devious" British role in the concession dispute. Iran's Acting Foreign Minister Khalatbari told Ambassador MacArthur on 31 May that the Iranians suspect that the UK will use force if Tehran asserts its rights to Abu Musa.

On the southern shore of the Persian Gulf, the Abu Dhabi Petroleum Company (ADPC) is working in an area disputed between Abu Dhabi, a British protectorate, and Saudi Arabia. The British are the majority owners of ADPC but Mobil and Jersey have a 22 1/2 percent interest. Saudi Arabia, which formally claimed the area in 1949, insists that ADPC is working in an area assigned to Saudi Arabia under a 1955 agreement with the UK.

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Some work has continued, however/

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Another American company,
Aramco, has already given up its concession rights
in the disputed area.

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NOTE

USSR: The Soyuz 9 spacecraft and its two-man crew seem to be functioning satisfactorily.

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the two cosmonauts may attempt a longer-duration mission than previous Soviet manned space flights. The longest such flight to date was five days.

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ELECTIONS IN ITALY

On 7 and 8 June the electorate in most of Italy will vote to fill the usual local and provincial posts and to choose 15 new regional councils. These councils are due to take over a number of the functions now exercised by the central government, in effect decentralizing it to a degree. At least three of them will probably be dominated by the Communists, who will then be operating at a higher level of governmental authority than at any time since they left the national government in the late 1940s. The non-Communist parties are concerned about this and about the political alliances some of their local affiliates may accept in the new structures of regional government.

The four member parties of Premier Mariano Rumor's coalition government will view the returns as a gauge against which to check their assessment of political currents in Italy today. In particular, the voting will test the popularity of the vigorous anti-Communist position of the Unitary Socialist Party; its fortunes will affect politicians' judgments about the expediency of cooperating with the Communists in the future.

Regional Elections

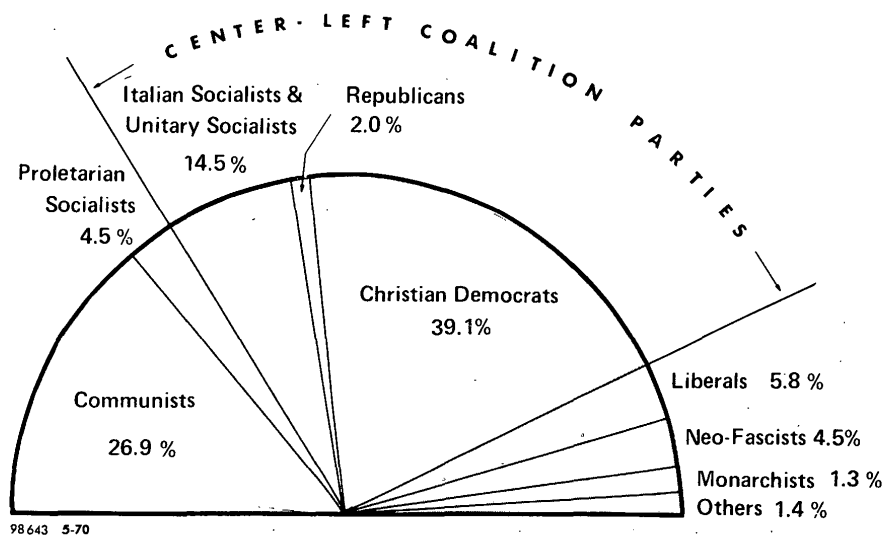
The establishment of regional councils for the country's 15 new regions will mark a fundamental change in the organization and administration of the country. (Five special regions including the islands of Sicily and Sardinia and the three ethnic minority areas in the north are already functioning but are peripheral to the national life politically as well as geographically.) The regions will have quasi-autonomous status in various fields including some police functions, welfare and regional public works. They will also have independent financial resources estimated initially at \$1 billion from national revenues and \$200 million in locally collected revenue. The councils that will administer them will have a membership numbering 30-80, under a president chosen from the council. Legislation governing the councils' powers is to be worked out by the central and regional governments after the elections.

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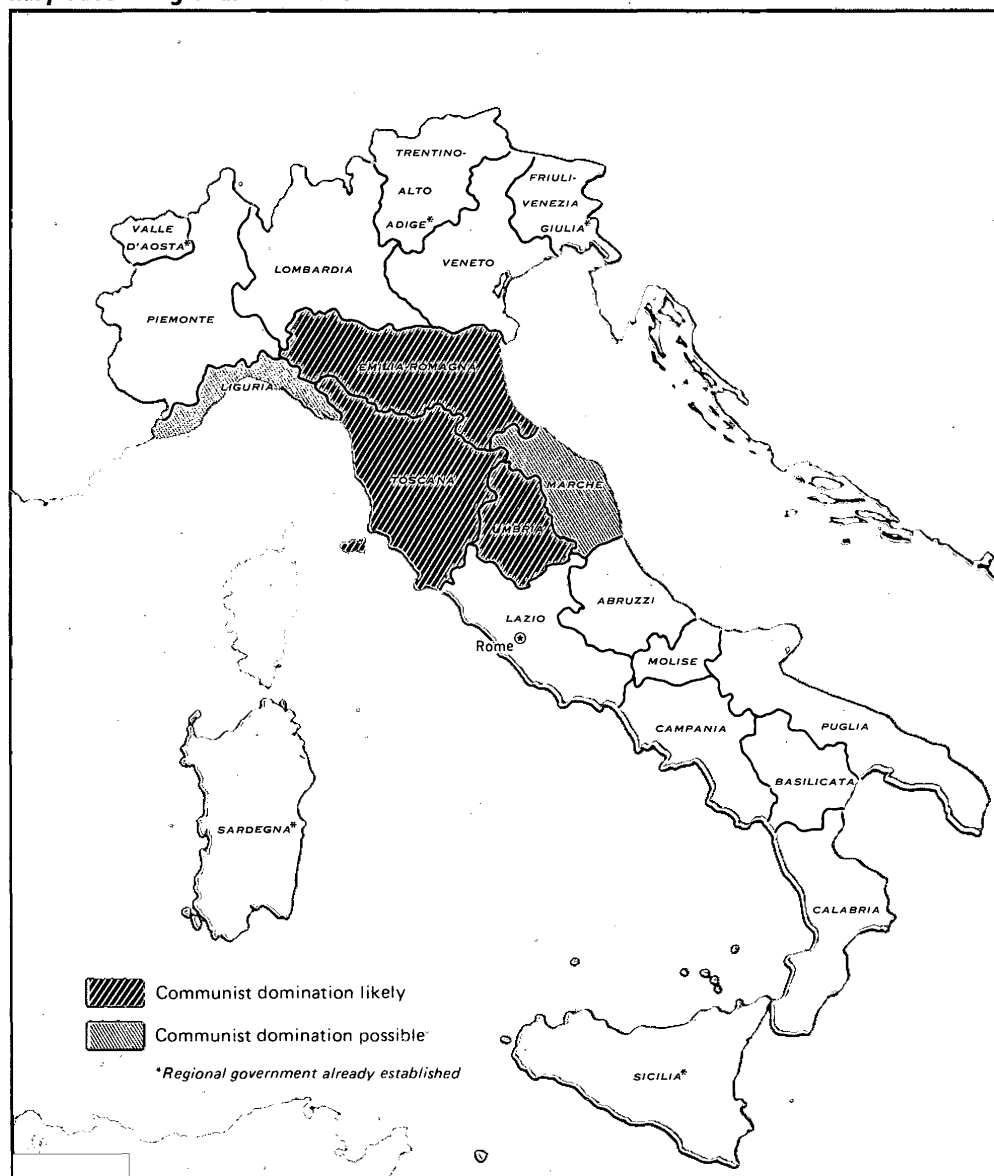
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Results of Italian National Elections, May 1968



Italy Faces Regional Elections



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Extrapolations from previous election results indicate that three regions in the center of the country--Emilia-Romagna, Tuscany, and Umbria--are likely to have governments controlled by the Communists and their allies, possibly including the Socialists. There may also be Communist-dominated regional governments in Liguria and Marche.

The Communist campaigns in the three regions they are likely to dominate illustrate the differences in approach of two key factions within the Italian Communist Party. The campaign in Umbria is stressing the importance of the strike weapon, of the worker, and of the leadership of the proletariat. The chief Communist candidate and proposed regional president is a labor leader. The campaigns in Emilia-Romagna and in Tuscany, in contrast, are stressing the party's pragmatic ability to work with men of various political beliefs. The chief Communist candidates in these two regions have political rather than labor backgrounds. The Communists in Tuscany have been candid in stating that they would use their victory to provide a model of what Communist government on a national scale would be like, to gain experience in working with various political currents, and to lobby in Rome for national policies favored by the party.

In other parts of the country, both north and south of the red belt, most of the regions will probably be run by coalitions resembling the center-left coalition of the central government. Significant for the future will be the extent to which the Socialist Party breaks the national pattern to join the Communists on the local and regional level.

Implications for the National Coalition

On the level of national government, the June elections have particular importance as a test of the competitive political strengths of the center-left coalition parties and of the Communists. Voting patterns are usually extremely stable in Italy, and political leaders give great weight to gains or losses of one or two percent of the electorate. Even changes of this magnitude, therefore, have national repercussions. Interpretation of the elections, however, will be influenced by the political bias of the interpreter as he studies inevitable inconsistencies in the vote on the local, provincial, and regional levels.

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Of special interest will be the performance of the Unitary Socialist Party (PSU), which seceded from the main body of the Socialist Party (PSI) in July 1969 after almost three years of union. The PSU said it seceded because the PSI was too willing to work with the Communists. The PSI, on the other hand, attributed the secession to personal rivalries. In any case, the PSU is waging a vigorous anti-Communist election campaign, attacking both Socialists and Christian Democrats as too left-leaning.

Should the PSU do significantly better than it did as an independent party in 1963, it would insist on recognition of its enhanced standing at the national level. In any such move, its efforts would be aided by its implied threat that President Saragat, who is sympathetic to the PSU, might use his constitutional power to call new national parliamentary elections before the normal expiration of the parliamentary term in 1973.

Failure of the PSU to increase its vote significantly, on the other hand, would tend to strengthen the hand of Socialists and left-wing Christian Democrats who favor some degree of acceptance of Communist cooperation in regional government and in the national parliament.

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